

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 358 - SB 563

April 12, 2021

SUMMARY OF ORIGINAL BILL: Authorizes county trustees to retain an agent to collect delinquent personal property taxes.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – The precise permissive increase in local government revenue cannot be determined due to multiple unknown factors.

SUMMARY OF AMENDMENTS (005869, 006963): Amendment 005869 deletes and rewrites all language after the enacting clause such that the only substantive changes: (1) specify the provisions apply to delinquent tangible personal property; (2) establish specific guidelines with regard to who is a qualified collection agent and what the collection agent must abide by when in contract or agreement with a county; and (3) repeal the provisions on July 1, 2024.

Amendment 006963 deletes and replaces language of amendment 005869 to require all tax lien enforcements to be in the name of the taxing jurisdiction instead of the county trustee.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 67-5-901, tangible personal property is assessed as follows:
 - Public utility property at 55 percent of its value;
 - Industrial and commercial property at 30 percent of its value;
 - All other business property at 5 percent of its value; and
 - Non-business tangible person property is deemed to have no value.
- The proposed language:
 - Authorizes the county trustee to retain an agent to collect delinquent personal tangible property taxes, interest, costs, and legal fees;

- If an agent is used, requires the county trustee to utilize the purchasing procedures applicable to the county where the property is located to select and retain the agent; and
- Requires the fee of the collecting agent to be added to the total amount of delinquent tangible personal property taxes owed, including interest, costs, and legal fees.
- The personal property owner will be responsible for payment of the agent's fee.
- There exist multiple unknown factors including, but not limited to, the extent of delinquent tangible personal property taxes statewide, the number of counties who will elect to retain a collection agent for such delinquent taxes, the extent of the fee charged by such agent, and the extent of purchasing procedures which must be followed in order to retain such agent.
- Any permissive increase in local expenditures realized from purchasing procedures will be offset by a permissive increase in local government revenue from the collection of delinquent revenue which otherwise would have been uncollected in the absence of such agent.
- The total permissive increase in local government revenue cannot be determined due to multiple unknown factors.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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